

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

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FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 7997

INFO AMEMBASSY BONN

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AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, EFIS, PFOR, EEC; DA.

SUBJECT: CALL ON AGRICULTURE AND FISHERIES MINISTER
FREDERIKSEN.

BEGIN SUMMARY. IN MY INITIAL CALL ON IB FREDERIKSEN, MINISTER
OF AGRICULTURE AND FISHERIES, ON NOVEMBER 2, I INFORMED HIM OF
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THE PRESIDENT'S ACTION GREATLY INCREASING THE US BUTTER IMPORT

QUOTA. WE ALSO DISCUSSED THE WORLD GRAIN AND SOYBEAN SITUATION, WHICH GAVE ME AN OPPORTUNITY TO SET FORTH STRONGLY THE US CONCERN ABOUT EC PROPOSALS WHICH COULD LEAD TO RESTRICTIONS ON US SOYBEANS. I ATTEMPTED TO TAKE UP VARIOUS FISHERIES ISSUES WITH HIM, BUT HIS LACK OF BACKGROUND ON FISHERIES MADE THIS IMPRACTICAL. END SUMMARY.

1. THE PRESIDENT'S JUST-ANNOUNCED AUTHORIZATION OF AN ADDITIONAL 56 MILLION POUNDS OF BUTTER IMPORTS GAVE ME AN AUSPICIOUS NOTE ON WHICH TO OPEN OUR DISCUSSIONS, SINCE DENMARK HAS BEEN THE PRINCIPAL EUROPEAN SUPPLIER UNDER THE PREVIOUS QUOTA. FREDERIKSEN WAS, OF COURSE, VERY PLEASED TO LEARN OF THE QUOTA INCREASE AND ESPECIALLY THE ALLOCATION OF 24.6 MILLION POUNDS TO THE EC. HE EXPRESSED DOUBT THAT DENMARK HAD SUFFICIENT STOCKS ON HAND TO IMMEDIATELY TAKE A SUBSTANTIAL DIRECT ADVANTAGE OF THIS NEW EXPORT OPPORTUNITY. HE THOUGHT, HOWEVER, THAT IT WOULD PROVIDE IMMEDIATE STRENGTH TO THE DANISH DAIRY MARKET, ESPECIALLY IF FEOGA INTERVENTION STOCKS WERE TO BE EXPORTED UNDER THE NEW QUOTA. HE ADDED HIS VIEW THAT THE EC DAIRY MARKET HAD BECOME A MORE MANAGEABLE PROBLEM IN RECENT MONTHS. I SUGGESTED, AND HE AGREED, THAT SELLING BUTTER TO THE US UNDER THE NEW QUOTA SHOULD BE MORE ATTRACTIVE TO THE EC THAN THE BARGAIN-BASEMENT SALES OF INTERVENTION STOCKS THAT HAVE BEEN MADE TO THE USSR.

2. FREDERIKSEN EXPRESSED CONCERN ABOUT THE TIGHT WORLD GRAIN AND SOYBEAN SUPPLY SITUATION AND THE HIGH PRICES AND TRADE INTERRUPTIONS WHICH HAD OCCURRED DURING THE PAST MONTHS. AFTER AGREEING THAT IT INDEED HAD BEEN A DIFFICULT YEAR FOR COMMODITIES AND THAT IT WAS UNFORTUNATE WE HAD TO IMPOSE EXPORT CONTROLS ON SOYBEANS FOR A SHORT TIME, I TOLD HIM I SAW THE SITUATION AS SUBSTANTIALLY EASED AT PRESENT. I ASSURED HIM OF OUR ABILITY TO SUPPLY WITHOUT HAVING TO RESORT TO EXPORT CONTROLS AGAIN. I POINTED OUT THE DECLINING PRICE TRENDS OF RECENT WEEKS, THE INCREASED ACREAGE THE US WAS BRINGING INTO PRODUCTION AND THE VERY LARGE CROP INCREASES WE HAD HARVESTED THIS FALL. I TOLD HIM THAT THE 24 PERCENT INCREASE OVER THE RECORD SOYBEAN CROP OF LAST YEAR WOULD ENABLE US TO MEET THE RECORD DOMESTIC AND EXPORT DEMANDS FORESEEN AND STILL LEAVE GREATLY-INCREASED CARRYOVER STOCKS.

3. FREDERIKSEN'S RAISING OF THE SOYBEAN SUBJECT GAVE ME AN LIMITED OFFICIAL USE

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EXCELLENT OPPORTUNITY TO SET FORTH CLEARLY TO HIM, AS PREVIOUSLY DONE WITH FONOFF AND FONECONMIN., OUR SERIOUS CONCERN ABOUT EC ACTIONS, SUCH AS THE PROPOSED CAP FOR SOYBEANS, WHICH WOULD JEOPARDIZE OUR SOYBEAN EXPORT MARKET OR LEAD TO NEW EC BARRIERS TO OUR EXPORTS. I LET HIM KNOW I WAS, IN FACT, MYSELF A SOYBEAN FARMER IN MARYLAND. IN RESPONSE, FREDERIKSEN DOWNPLAYED THE IMPORTANCE OF THE EC PROPOSAL AND THE POTENTIAL FOR EC SOYBEAN PRODUCTION. HE IMPLIED DOUBT THAT SUCH EC ACTION WOULD BE TAKEN,

BUT HE DID NOT GO SO FAR AS TO SAY DENMARK WOULD OPPOSE IT.

4. FREDERIKSEN'S BACKGROUND IS STRICTLY AGRICULTURAL. HE HAS HAD THE FISHERIES RESPONSIBILITY ONLY SINCE SEPTEMBER 27, WHEN THE TWO MINISTRIES WERE MERGED TO CONFORM WITH THE EC PATTERN. I ATTEMPTED TO TAKE UP VARIOUS FISHERIES TOPICS WITH HIM BY MENTIONING SALMON AND COD, BUT HE WAS UNABLE TO RESPOND. I CONCLUDED OUR MEETING WITH THE SUGGESTION THAT WE GET TOGETHER AGAIN TO DISCUSS FISHERIES IN A FEW MONTHS' TIME, AFTER HE HAS HAD AN OPPORTUNITY TO GET MORE INVOLVED WITH THE FISHERIES SIDE OF HIS MINISTRY.

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